



Sustainable Urban Management IQC

USAID Quarterly Report XX

October- December 2004

Prepared for the U.S. Agency for International Development

**International City / County Management Association
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October 1, 2004- December 31, 2004

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Task Order No.: 3

Task Order Title: Local Economic Development Speaker Series, Case Studies and Briefing Paper

Period of Performance: 7/9/04-1/31/05

USAID Office/Mission: Washington, D.C.

CTO: Edgar Thornton

I. Introduction

The purpose of this quick-response task order is two-fold:

1. **Speaker Series:** To conduct four ½ day panel discussions that provide a practical perspective on different aspects of local economic development, including what it is, who does it, why and how it intersects with other issues and sectors of development. The topics (and content) were provisionally agreed between ICMA and the Office of Urban Programs prior to signing this task order as follows:

Session One – The Framework for Economic Development and Creating Enabling Environments for Growth and Investment in Developing Countries

Session Two – Integrating City-Regional Economic Development and Strategic Planning Processes

Session Three – Tools and Techniques of Economic Development: What Works (and Doesn't)

Session Four – Financing Economic Development

2. **Case Studies:** To draft three short case studies (4-6 pages) drawn from ICMA's experience implementing economic development related programs. The case studies are intended:

- To provide a brief background on the program/project
- A description of ICMA's role
- To discuss the initial LED strategy and priorities
- To identify the key LED indicators of success (i.e., job retention/expansion figures, new investments, new jobs created, other indicators, etc.)
- To examine the program/projects' current state of affairs or next strategic plan focus
- To describe how the program evolved
- To summarize the key lessons learned

ICMA and USAID agreed that the case studies would address the following three examples of economic development initiatives:

1. The Johannesburg Development Agency (JDA). The JDA was established with USAID/ICMA support in 2000 to play a leading role in the economic revitalization of the inner city of Johannesburg, the primary commercial city of South Africa.
2. The Downtown Kingston Management District (DKMD). The DKMD received USAID/ICMA assistance from 1996 – 1998 in strengthening its institutional capacity to improve the business climate in downtown Kingston, Jamaica.

3. The Bulgaria Economic Development Consortium. Under the auspices of the USAID Resource Cities and CityLinks programs, ICMA and the Foundation for Local Government Reform have been working with a group of 14 Bulgarian cities to develop a cadre of skilled economic development professionals in each city and institute reforms and LED-related programs that certify them as good places to do business.

II. Major Accomplishments

The second and third sessions of the four-part speaker series took place this quarter. The second session, on October 24, 2004, focused on one-stop shops. Brian McGowan, Economic Development Director, City of Ontario, California, and Cynthia Clement, Director of Governance Team at the University of Maryland IRIS Center, served as panelists, and Todor Mladenov, Grant Management Team Leader, Foundation for Local Government Reform, Bulgaria, tuned in by video-conference to share his experience with one-stop shops in Bulgaria. Approximately 25 USAID staff and implementing partners participated in the second session, which received high marks from participants for its relevance and usefulness.

The third session, focusing on downtown revitalization and business retention and expansion was held on December 15, 2004. Speakers from Washington DC, Karina Ricks, Transit-Oriented Development Coordinator, DC Office of Planning, and Derrick Lanardo Woody, Project Manager, Plan Implementation & Citywide Retail Strategy, Office of the Deputy Mayor for Planning & Economic Development, Washington, D.C. were present to share their experiences of downtown revitalization from a U.S. perspective. Subhash Chandra, Special Commissioner of Bangalore, India presented his Bangalore's strategies for business retention and expansion by video conference. A number of other participants working in the field from the Housing and Communities Center, the Urban Institute, the Office of the Assistant Secretary for Community Planning and Development (CPD), the Community Planning and Development Office of Community Renewal (OCR), and the Downtown DC Business Improvement District Corporation were on hand to offer their insight about the topics. Participants joined in a lively discussion about downtown revitalization and business retention and expansion, comparing their own international experiences with those in the U.S.

Planning began for the fourth session in the speaker series, which is scheduled to take place on February 24. ICMA and USAID engaged in a several discussions concerning the focus and content of this session.

III. Challenges/Remedial Actions Taken

N/A

IV. Projected Activities

1. Speaker Series:

- Conduct the fourth session on February 24, 2005 focusing on LED in the face of natural disaster.
- Provide USAID with a brief summary of the session and of participant evaluations.

- Extend the task order period of performance to cover the last session and all deliverables. (March 10 is the requested end-date)

2. Case Studies:

- Submit first drafts of all three case studies to USAID for review.
- Based on USAID comments, prepare revised drafts.

Task Order No.: 3

Task Order Title: Local Economic Development in Europe and Eurasia: A USAID Multi-Sectoral Workshop

Period of Performance: 10/25/04-3/1/05

USAID Office/Mission: Washington, D.C.

CTO: Edgar Thornton

I. Introduction

USAID and ICMA are co-sponsoring a workshop on local economic development (LED) in Europe and Eurasia region in Sofia, Bulgaria in late January 2005. The purpose of this workshop is take stock of USAID experience to date and translate that experience into useful recommendations for future LED programming in the E&E region. The design and delivery of the workshop is meant to help USAID gain a better understanding of local economic development approaches and programs that have worked well and some that haven't worked so well, emphasizing not only process (i.e. participatory strategic economic development planning), but also results (i.e. impact on employment and the generation of wealth).

ICMA will frame, design and facilitate a 4-5 day workshop for 50-60 participants drawn primarily from USAID and its implementing partners, but also including a limited number of other key external experts and local counterparts. The workshop will be structured to include discussion of recent innovation in local economic development as well as experiences and lessons learned from E&E mission programs. As much as possible, the workshop should tap into the depth and breadth of expertise within USAID and their partners by using them as presenters and resource people. In addition, the contractor will identify and bring in external expertise (i.e. mayors, economic development experts, etc.).

ICMA will also be responsible for the preparation of related documentation including (1) short theme/resource papers prior to the workshop, (2) workshop binders and CDs with presentation material and pertinent background resource material, and (3) synthesis of the workshop proceedings that highlight lessons learned, outcome of key discussions and recommendations for USAID local economic development programming.

II. Major Accomplishments

During the quarter, ICMA has worked with USAID to define the terms of the workshop and the agenda, including sessions, participants, and the theme papers. Planning is underway for a 4-day workshop the week of January 23-27, 2005. Participants from the following countries have already responded that they will attend: Bosnia, Croatia, Serbia, Montenegro, Russia, Ukraine, Bulgaria, Macedonia, Georgia, Kosovo, Romania, and Hungary. Speakers from Poland, Czech Republic, Hungary, and the U.S. have been confirmed and the venue and meeting arrangements are being planned.

III. Challenges/Remedial Actions Taken

N/A

IV. Projected Activities

ICMA will host the workshop January 23-27 in Sofia Bulgaria. ICMA will then write the final report, including proceedings, and a summary of the evaluations. At the workshop, ICMA will distribute materials to each participant, including presentations, case studies, and background readings.

Task Order No.: 11

Task Order Title: Core Management and Budget Skills for Indonesian Local Governments

Period of Performance: September 30, 2000 – February 11, 2005

USAID Office/Mission: USAID/ Jakarta

CTO: Jessica Tulodo

I. Introduction

The International City/County Management Association's (ICMA) Building Institutions for Good Governance (BIGG) Program operates under USAID Strategic Objective 10: Decentralized, Participatory Local Government. To this end, it is designed to help USAID meet its four intermediate results (IRs):

- IR 1: Appropriate Environment Established to Enable Effective Local Government
- IR 2: Local Government Capacity Strengthened to Deliver Effective Services
- IR 3: Participation Increased in Local Government Decision-Making
- IR 4: Associations of Local Governments and Officials Established as Advocates

The implementation of the "Core Management and Budget Skills for Indonesian Local Governments" Task Order began on September 30, 2000. This report covers the period July to September 2004 (Quarter 16), summarizing the major accomplishments and challenges for the fifteenth quarter along with the planned activities for the next quarter.

II. Major Accomplishments

Field Operations

K2K Model:

Activities conducted this quarter:

Conducted C2 Workshops (which provide a one-day overview of performance budgeting for the legislative branch) in Bukittinggi (Oct 12, 2004) and Sukoharjo (Nov 4, 2004). Twenty-one legislative members attended the C2 workshop in Bukittinggi, while 45 legislative members attended the C2 workshop in Sukoharjo.

Provided technical assistance to the executive branch to prepare, review drafts, and finalize the focus area performance budgets. As of the end of December 2004, 14 out of 16 Y4 local governments have submitted their final performance budgets to BIGG/ICMA. The last two, Kabupaten Solok and Kabupaten Berau, have promised to submit their performance budgets to BIGG/ICMA in January 2005.

Provided technical assistance to all 16 Y4 local governments for the legislative branch to prepare their performance budgets. While this was not a requirement of the workplan, new government regulations required the local councils to prepare a performance budget for the local council for the first time. BIGG/ICMA provided technical assistance to the legislative members of the budget team and secretariat in November and December 2004.

Conducted budget clinics in all 16 Y4 local governments to assist non-focus area work units (e.g., those that were not receiving direct technical assistance from BIGG/ICMA) to prepare their

performance budgets. This was not a requirement of the workplan. These clinics were conducted from September to December 2004.

Observed public budget hearings conducted by the legislative councils that were held prior to the council's budget approval. As of December 2004, only three out of 16 Y4 local governments have conducted public budget hearings (Bukittinggi, Takalar, and Sukoharjo). The rest are scheduled to take place in January 2005.

K2K Deliverables Status:

The table below summarizes the current status of Y4 K2K deliverables.

Deliverables Status of K2K Year 4

Local Government	Budget Calendar	PIIP	Budget Instruction		PBB of Focus Area	
	Final	Final	Draft	Final	Draft	Final
Kota Bukittinggi	July 30	July 30	Aug 2	Nov 1	Oct 28	Dec 21
Kota Pariaman	July 7	July 7	Sep 1	Oct 14	Dec 24	Dec 28
Kabupaten Pasaman	Aug 9	Aug 7	Sep 29	Oct 27	Dec 17	Dec 27
Kabupaten Solok	Aug 28	Aug 9	Aug 7	Oct 28	Dec 9	To be submitted Jan '05
Kabupaten Sukoharjo	July 2	July 2	Aug 30	Sep 10	Nov 5	Dec 15
Kabupaten Purworejo	June 30	June 30	Sep 1	Sep 20	Nov 20	Dec 14
Kabupaten Kebumen	June 21	June 21	Sep 2	Sep 15	Nov 13	Dec 27
Kabupaten Probolinggo	June 25	June 25	Sep 2	Oct 1	Oct 22	Dec 30
Kota Balikpapan	Aug 20	Aug 27	July 20	Nov 4	Oct 20	Dec 27
Kabupaten Berau	Aug 18	Aug 18	Sep 6	Oct 1	Oct 1	To be submitted Jan '05
Kabupaten Penajam	July 22	July 22	Aug 12	Aug 26	Nov 12	Dec 28
Kota Tarakan	June 21	June 28	July 31	Aug 31	Oct 1	Dec 29
Kabupaten Takalar	June 15	June 15	Aug 31	Oct 28	Sep 15	Dec 10
Kabupaten Jenepontoh	July 30	June 23	Aug 27	Oct 28	Sep 23	Dec 10
Kabupaten Sinjai	July 30	June 23	Aug 30	Nov 8	Sep 16	Dec 22
Kabupaten Bantaeng	July 30	June 23	Aug 25	Oct 28	Sep 23	Dec 20

Citizen's Guide to the Budget

BIGG recommended that all Y4 local governments prepare and submit a Citizen's Guide to the Budget as part of their Public Information and Involvement Plans (PIIP). Samples and guidelines on how to prepare Citizen's Guides to the Budget were disseminated to all local government in The BIGG Picture Edition 23 (April 2003). Local governments did not express interest in

preparing the Citizen's Guide to the Budget due to the fact that it was not a requirement of the MOUs between BIGG/ICMA and the local governments, and also due to their internal staffing constraints. BIGG offered assistance to the four Y4 Inti local governments (Takalar, Sukoharjo, Balikpapan, and Bukittinggi) and one Papua local government (Fakfak) to prepare the Citizen's Guide to the Budget. BIGG covered the cost of design, layout, and printing of 1,000 copies for each local government. Takalar immediately posted their Citizen's Guide on their website and in the local newspaper on December 15, 2004. BIGG also distributed these five sample Citizen's Guides to the Budget in the addendum to the PBB Reference Manual to all 375 local governments in Indonesia in the hopes that other local governments would emulate what Takalar, Sukoharjo, Balikpapan, Bukittinggi, and Fakfak have done.

Papua Program:

The table below summarizes the status of Y4 Papua deliverables.

Deliverables Status of Year 4 Papua LGUs

Local Government	Budget Calendar	PIIP	Budget Instruction		PBB	
	Final	Final	Draft	Final	Draft	Final
Kaimana	Sep 10	Sep 10	Sep 10	Sep 30	Nov 11	Dec 13
Manokwari	June 18	July 30	Sep 3	Sep 30	Dec 1	Dec 27
Sorong	July 30	July 30	Sep 15	Oct 2	Nov 5	Nov 29
Fakfak	Aug 27	Aug 27	Aug 27	Sep 29	Nov 12	Dec 30

Salary Restructuring Opportunity for LGUs (PROFESI):

The three local governments (Kota Bukittinggi, Kabuapten Sukohardjo, and Kabupaten Takalar) have maintained their commitment to implement the PROFESI program. Important developments this quarter include:

Preparation of the budgets that included the movement of honorariums to a general local subsidy.
 Preparation of job descriptions for all staff
 Sharing of experiences with the PROFESI program between the three participating local governments in a workshop held in Jakarta on 14 December 2004.

The workshop was very useful in sharing the challenges and problems of making this very basic change in income structure. One of the important findings was the concern that the auditing board, BPK (Badan Pemeriksaan Keuangan) would not understand the changes made in the budget. For this reason, either a special presentation will need to be made to BPK or BPK representatives will need to be invited to participate in a final workshop reporting on the PROFESI program.

The final reports from each of the three local governments are to be completed by 10 January, and the final workshop is now scheduled for January 19, 2005.

Program Coordination:

The PERFORM project held their National Conference on December 6-8, 2005. The BIGG project was invited to participate in a session on the integration of planning and budgeting with presentations given by representatives from BIGG, CLGI, GTZ, Bangda/MoHA, and PERFORM. Discussions following these presentations were indicative of the issues facing local governments in the current dynamic climate of change in regulations affecting the planning and budgeting in local governments. Of utmost importance are the issuance of the accounting standards and the implementation of Planning Law 25/2004.

BIGG continued to provide leadership in bringing together the four USAID projects working in Kabupaten Probolinggo. The technique of using a clinic as an opportunity for staff members to discuss problems and issues with the respective representatives of the four projects – in one place – was particularly useful according to the local government staff.

All four USAID projects working in Probolinggo cooperated with Peter Conolly, a consultant hired to review the cooperation between USAID projects being implemented in Probolinggo and Pacitan, East Java. A meeting was held with representatives of BIGG, PERFORM, MSH, and MBE to discuss Peter's findings from a visit to both local governments in East Java.

With the activities of PERFORM being completed by the end of this quarter, the Joint Coordination Unit functioned in a more informal manner monitoring the completion of activities where we were working together, especially in Probolinggo and Kalimantan Timur.

Training and Publications

Budget Clinic II: Budget Clinic II was conducted in four APEKSI regions in Q16. This quarter, Budget Clinic II was conducted in three more locations: Balikpapan, Surabaya, and Medan.

Number of Person-Training Days in the PBB Budget Clinic II in the APEKSI Regions and Papua LGUs

Location	Dates	LGU Person-Training Days
Makasar	Sept 22	34
Mataram	Sept 28	5
Yogyakarta	Sept 30	54
Balikpapan	Oct 5	37
Surabaya	Oct 7	42
Medan	Oct 12	47
Sub Total		219
Papua LGUs in Makassar	Sept 23	27
Total		246

Budget Clinic III: This quarter, BIGG's Training Team designed and conducted 7 1-day Budget Clinics, which is the third in a three-part series. Six of the clinics were conducted in the APEKSI regions and one was conducted in Manado for the 9 Papua LGUs in the Bird's Head Region. Budget Clinic III provides local government participants with a short lecture style presentation and exercise on how to allocate direct and indirect expenditures, and a participatory discussion and exercise on how to evaluate their local government's Public Information and Involvement Plan and Performance Budget.

At Budget Clinic III, many first time participants were in attendance. At one location, 85% of the participants were attending a clinic for the first time. At another clinic, only 5% of the participants were first timers with 95% having previously attended a clinic.

In the clinic model, BIGG does not cover the cost of transportation or accommodation for local government participants and this had been the suspected reason why attendance at earlier clinics was lower than expected in some cases. However, attendance at Budget Clinic III in Surabaya and Solo, at 56 and 78 participants respectively, surpassed staff's expectations. Apparently, local governments will pay for their staff to attend workshops and clinics when they perceive it is a priority.

Number of Person-Training Days in the PBB Budget Clinic III in the APEKSI Regions and Papua LGUs

Location	Dates	LGU Person-Training Days
Makassar	Nov 30	30
Bali	Dec 7	15
Surabaya	Dec 9	56
Banjarmasin	Dec 14	26
Batam	Dec 16	21
Solo	Dec 21	78
Total		226
Papua LGUs in Manado	Dec 2	27
Total		253

Performance Budget Reference Manual: This quarter, BIGG distributed an addendum to the Performance Budget Reference Manual to all 375 local governments in Indonesia as well as posted the addendum on BIGG's website. The addendum included: 1) a sample Public Information and Involvement Plan, 2) sample Performance Budgets for the health, education, streets department, and the legislative council, and 3) numerous additional sample indicators, and 4) the sample Citizen's Guide to Budgeting.

Previously, BIGG had distributed one copy of the PBB Reference Manual to the Sekda of all local governments in the hopes that the Sekda would make copies and distribute the manual to department heads and staff in various departments involved in budget preparation. Discussions with local government staff at Budget Clinic II revealed that many local government staff,

specifically those involved in budget preparation, were unaware of the reference manual as their Sekda had not made access to the manual available. A special two hour session at Clinic II was designed to introduce participants to the contents of the manual and teach them how to use it. Participants responded very favorably to the manual and requested their own copies.

Consequently, this quarter, BIGG increased the distribution of the reference manual by sending seven additional copies to all local governments. The seven copies went to the heads of Sekda, Bappeda, Finance, Education, Health, Public Works, Transportation. It is hoped that this increased distribution will place the reference manual into the hands of more department heads and staff who are involved in budget preparation.

Publications and Other Activities: This quarter, the Training and Publications Team also completed the following tasks:

Prepared and distributed bilingual versions of The BIGG Picture 30 (Introduction to Fund Accounting) and The BIGG Picture 31 (International Fund Accounting)

Prepared written bilingual documentation of all training events conducted in Quarter 16

Designed and conducted an evaluation of all of BIGG's Program Models in preparation for the final report

III. Challenges/ Remedial Actions Taken

N/A

IV. Projected Activities

Field Operations:

Finalize the PBB deliverables from Kabupaten Solok and Kabupaten Berau

Monitor the implementation of public hearings at Y4 local governments

Conduct an assessment of Y3 and Y4 local government partners

Prepare the final report

Finalize all program documentation and program deliverables

Close out the program

Training and Publications

Conduct interviews of local governments to evaluate BIGG

Prepare the final report

Finalize all bilingual program documentation

Close out the program

Task Order No.:05

Task Order Title: USAEP Municipal League Development

Period of Performance: September 30, 2001-September 30, 2005

USAID Office/Mission: ANE/USAEP

CTO: Winston Bowman

I. Introduction

In support of USAEP's Urban Strategy and Urban Regional Activities Plan, four types of assistance are requested for nascent and established municipal support organizations and Asian municipal governments in targeted countries. The task order focuses on the following four areas:

Task 1: Advisory service to newly formed and established municipal associations and local government leagues

Task 2: Technical assistance to local governments participating in Resource Cities or other donor-funded technical programs

Task 3: Facilitation of information generation and information sharing; and

Task 4: Facilitation of Grants, Study Tours and conferences

II. Major Accomplishments

India

ICMA continues to serve as a technical advisor for the City Managers Associations (CMAs) throughout India, providing guidance for the formation of new CMAs, implementation of association programs, hiring of association staff and oversight of grant activities. During this quarter, ICMA worked with the associations to implement activities associated with the small grants provided by USAEP/USAID for capacity building initiatives. Each of the associations has provided a work plan, which includes the following activities: documentation of environmental/local governance best practices, training and study tours for association members, salary compensation for association coordinators and/or material support for office administration. The Environmental Planning Collaborative (EPC), a local-Indian entity, has served as a subcontractor to ICMA to assist with the monitoring of the grants and disbursement of funding to the associations. All associations are scheduled to complete grant activities by the end of next quarter, providing ICMA/EPC with a summary of grantee accomplishments and expenditure documentation.

Philippines

During this quarter, ICMA worked with the League of Cities Philippines (LCP) to develop a work plan for the formation of an environmental unit and capacity building assistance that will be provided to the LCP in FY 2005. As a technical advisor, ICMA will partner the LCP with a U.S. association that has strong environmental experience and administrative capacity. To implement this assistance, ICMA sent a representative to Manila in December to conduct a needs assessment, complete a timeline of future LCP activities and identify a possible U.S. partner. During this TDY to Manila, ICMA met with LCP board and staff members, USAEP staff and other donor organizations to get a better picture of LCP's organizational needs. Upon completion of the trip to Manila, ICMA determined that the Florida League of Cities (FLC) would be the best partner for the LCP. The partnership has been accepted by both the FLC and

LCP, and will be formally initiated with the first exchange, scheduled for March 2005. A Memorandum of Understanding has been drafted and will be signed/formalized next quarter.

Thailand

During this quarter, ICMA partnered with the Kenan Institute of Asia (KIASia), the King Prajadiphok Institute (KPI) and the National Research Center to plan a training workshop for Thai local government officials on citizen survey methodology. ICMA has a long-standing partnership with the National Research Center, which is a Colorado-based company that has significant local government surveying experience. NRC has agreed to collaborate with ICMA, KIASia and KPI to develop and conduct a two-day citizen survey workshop which will be held in Bangkok on January 25-26, 2005. The workshop is part of the larger Municipal Management Training activities that focus on improving municipal management capacity throughout Thailand. As a follow-on to the workshop that will be conducted in January, KPI and the Kenan Institute will develop a citizen survey manual, with technical guidance from ICMA. This manual will be used in a citizen survey pilot project that will be launched in Chiang Mai, Thailand. Upon completion of the manual, representatives from Chiang Mai, KPI, TBD Thai cities and KIASia will travel to Boulder, Colorado for a study tour in smart growth and to work with NRC to develop citizen surveys that are applicable for Thailand. The dates for the study have not been formalized but are tentatively scheduled for April 2005.

Sri Lanka

No new activities to report this quarter

Vietnam

No new activities to report this quarter

III. Challenges/Remedial Actions Taken

N/A

IV. Projected Activities

- Continue to provide technical guidance to CMAs throughout India, conduct training workshops and complete the administration of grant activities
- Work with newly formed CMAs to hire coordinators and build organizational capacity
- Formalize the partnership between the FLC and LCP.
- Conduct the first exchange between FLC and LCP in Manila, which will include a training program on board/staff responsibilities and association management, as well as assistance with determining the best structure for the formation of the environmental unit
- Conduct the Citizen Survey Training Workshop in Bangkok, Thailand on January 25-26, 2005, in coordination with NRC, KIASia and KPI
- Finalize the dates, meetings and agenda for the Thailand-Boulder study tour
- Determine next steps for assistance activities in Sri Lanka, in coordination with USAEP/USAID

- Complete the translation for the Coastal Cities Feasibility Study in Vietnam and submit to the World Bank and USAEP/USAID
- Determine next steps for assistance to the Department of Natural Resources (DONRE) in Ho Chi Min City, Vietnam. Assistance will include a TDT conducted by P.U. Asnani (ICMA Consultant and Solid Waste Specialist).

Annex 1: Financial Information
(will be submitted under separate cover)